

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 1446 - HB 1394

February 1, 2014

SUMMARY OF BILL: Makes changes to debt resettlement fees under the *Uniform Debt-Management Services Act* (UDMSA). Removes the current authority of a provider or person through which debt-management services is provided to request or receive payment of a fee or consideration in the instance a debtor assents to an agreement with creditors that will settle debts for less than the amount of the debt owed at the time of settlement, unless:

- The provider has negotiated, settled, reduced, or altered the terms of at least one debt pursuant to such agreement or other valid contractual agreement executed by the individual;
- The individual has made at least one payment pursuant to the settlement or agreement or other valid contractual agreement between the individual and the creditor or debt collector; or
- The fee or consideration either:
 - Bears the same proportional relationship to the total fee for renegotiating, settling, reducing, or altering the terms of the total debt balance as the individual debt amount bears to the entire debt amount. The individual debt amount and total debt amount are those owed at the time the debt was enrolled in the debt management service; or
 - Is a percentage of the amount saved as a result of the negotiation, settlement, reduction, or alteration. The percentage charged cannot change from one individual debt to another. The amount saved is the difference between the amount owed at the time the debt was enrolled in the debt management service and the amount actually paid to satisfy the debt.

ESTIMATED FISCAL IMPACT:

NOT SIGNIFICANT

Assumptions:

- The UDMSA, a product of the National Conference of Commissioners on Uniform State Laws, regulates those private credit counseling and debt management companies that work with individuals to control debt.
- According to the Department of Commerce and Insurance, this will have no significant impact on the operations of the Division of Consumer Affairs.
- Any fiscal impact will not be significant to state or local government.

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IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- There could be an impact to the fee payments by consumers to debt-management service providers that could result in a fiscal impact to the profits of service providers. Due to multiple unknown factors, an exact impact is not able to be determined. It is assumed that any short-term or long-term affects to commerce and jobs in the state as a result of changes to fee payment collections by debt-management service providers will not be significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is positioned above the printed name.

Lucian D. Geise, Executive Director

/jdb